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**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON**

IN RE:

TATOES, LLC
WAHLKE PRODUCE, INC.
COLUMBIA MANUFACTURING,
INC., d/b/a/ COLUMBIA ONION,

Debtors.

Case No. 16-00900
Case No. 16-00899
Case No. 16-00898

MOTION FOR AN ORDER:

- (a) Authorizing Emergency &
Interim Use of Cash
Collateral;
- (b) Authorizing Final Use of Cash
Collateral;

***WITH REQUEST TO SHORTEN
TIME FOR NOTICE AND
OBJECTIONS & REQUEST FOR
EMERGENCY HEARING***



**MOTION FOR USE OF
CASH COLLATERAL**

-1-

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1 Tatoes, LLC (“Tatoes”), Wahluke Produce, Inc. (“Wahluke”) and
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3 Columbia Manufacturing, Inc. d/b/a Columbia Onion (“Columbia”) and
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5 collectively the “Debtors” or “Companies” hereby move the Court for an
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7 order authorizing the Debtors to use cash **collateral** upon the terms and
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9 conditions described herein. The motion is made pursuant to 11 U.S.C. §363,
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11 FRBP 4001 and LBR 4001-1 and is supported by the Declaration of Del
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13 Christensen. Any reference to an Exhibit herein is referring to the Exhibits
14
15 attached to the Declaration of Mr. Christensen.

15 **1. Background:**

16
17 1.1 Tatoes is a Washington limited liability company owned by Del
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19 & Daneen Christensen (“Christensen”). Tatoes farms approximately 3,000
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21 acres of potatoes, onions and wheat pursuant to a number of ground leases
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23 with both affiliated and non-affiliated companies. Tatoes primarily farms
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25 ground located in Grant County, Washington. Tatoes currently employs
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27 approximately 30 people on a full time basis. During the farming season,
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29 additional employees are retained to assist with the growing and harvesting of
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31 the crops.
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1 1.2 Wahluke Produce, Inc., is a Washington corporation owned by
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3 Del & Daneen Christensen. Wahluke is a packer and shipper of fresh potatoes
4 which is located in Mattawa, Washington. Wahluke primarily, although not
5 exclusively, packs and ships potatoes grown by Tatoes. Wahluke employs
6 approximately 44 people on a full time basis. Additional employees are
7 brought in from time to time depending upon the quantities that are being
8 packed.
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13 1.3 Columbia Manufacturing, Inc. d/b/a Columbia Onion is a
14 Washington corporation owned by Del & Daneen Christensen. Columbia is a
15 packer and shipper of fresh onions which is located in Mattawa, Washington.
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17 Columbia, primarily, although not exclusively, packs and ships onions grown
18 by Tatoes. Columbia employs approximately 41 people during the packing
19 season. Columbia typically finishes packing in late April or May and then
20 lays off the majority of its employees until the new crop is harvested.
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26 1.4 Wahluke and Columbia have entered into an exclusive sales and
27 marketing contract ("**Marketing Contract**") with Eagle Eye Produce, Inc.
28 ("**Eagle Eye**"). Under the Marketing Contract, Wahluke and Columbia are
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1 required to sell all of their onions and potatoes through Eagle Eye.¹ Under the
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3 Marketing Agreement Eagle Eye acts as a commission merchant and in
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5 exchange receives a commission equal to five percent (5%) of the gross
6
7 F.O.B. sales price for products sold.²

8 1.5 Del Christensen serves as the managing member and/or CEO of
9
10 the Debtors. Daneen Christensen serves as the office, payroll and human
11
12 resources manager of the Debtors. Del & Daneen have three sons who are
13
14 involved in the management and operation of the Debtors. Dean Christensen
15
16 is in charge of financial reporting for the Debtors. Alex Christensen is a
17
18 project manager for the Debtors. Dallan Christensen serves as the farm
19
20 manager for Tatoes.

21 1.6 Rabo AgriFinance (“RAF”) is the primary secured lender to the
22
23 Debtors. The relationship between RAF and the Debtors began in July, 2014.
24
25 The Debtor’s obligations to RAF consist of a revolving operating line, term
26
27 loan and a special purpose loan made for purposes of developing a company
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31 ¹ There are certain exceptions under which Wahluke and Columbia continue to sell their own
32 product to a limited number of customers who pre-dated the Eagle Eye/Wahluke relationship.

33 ² The amount of the commission is reduced on direct sales by Wahluke and Columbia.
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1 called EZ Fixings, LLC³. The combined sum of the obligations owed to RAF
2
3 is approximately \$22,000,000 as of the date of filing.

4 1.7 RAF's loans are cross collateralized and secured by substantially
5
6 all of the assets of the Debtors, including crops, farm products, inventory,
7
8 accounts receivable and equipment. In addition, RAF's collateral includes
9
10 assets of a number of non-Debtor affiliated companies ("Affiliates").⁴ The
11
12 most significant of the Affiliates are: (a) DAC Properties, LLC, which owns a
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14 significant amount of the real property on which the Debtors operate; (b)
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16 U12B253, LLC which owns real property on which the Debtors operate; (c)
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18 Saddle Mountain Wireless, LLC which is an internet service provider in Grant
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20 County; (d) Terra Management, LLC which owns real estate upon which the
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22 Debtors operate as well as providing certain management services to the
23
24 Debtors; and (e) EZ Fixings, LLC which is a defunct company established for
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26 the purpose of developing and selling certain fresh market potato & onion
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28 products.

29 ³ The Debtors are also party to a swap agreement which was entered into in order to hedge
30 against interest rate risk on the Debtor's term loan.

31 ⁴ The term Affiliates is not used in the way that it is defined in the Bankruptcy Code but
32 simply as a term denoting that there is some relationship between the owners of the companies
33 and Debtors.
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1 1.8 RAF's operating loan was fully due and payable on March 1,
2 2016. RAF has sent the Debtors notice that the operating loan is in default and
3 have made demand upon the Debtors to turn over all collateral securing RAF's
4 operating loans to the Debtors. RAF has also declared the term loan and EZ
5 Fixings loans to be in default pursuant to cross-default provisions contained in
6 RAF's loan documents.
7

8 1.9 In addition to secured obligations to RAF, the Debtors have a
9 variety of trade debts. The total of these trade debts is approximately
10 \$5,360,00.00. The largest part of the trade debt is made up of obligations
11 owed by Tatoes, LLC to two fertilizer/chemical companies, Saddle Mountain
12 Supply Company (approx.. \$1,700,000) and Windflow Fertilizer (approx..
13 \$2,500,000). Approximately \$1.25 million of the trade debt has been incurred
14 in preparing and fumigating properties Tatoes intends to farm in 2016.⁵
15 Saddle Mountain Supply Company and Windflow Fertilizer have both filed
16 crop liens pursuant to terms of RCW 60.11 with respect to their 2016 crop
17 inputs.
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33 ⁵ This work was done in September – December, 2016 with the consent and approval of RAF.
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1.10 As of March 1, 2016 Tatoes had approximately 25,862 tons of the 2015 potato crop and 8,800 tons of the 2015 onion crop in storage (“**2015 Crops**”). While no one can predict the price that will be received for these crops, the Debtors currently estimate the net value of the remaining 2015 Crops in storage is approximately \$3,522,000. The Debtors calculations in this regard are attached to the Declaration of Del Christensen as Exhibit 8. As indicated above, the Debtors also have an investment in the 2016 crops of approximately \$1.25 million, constituting the cost of the chemicals, fertilizer and supplies which have been incurred in preparing the Debtors owned and leased properties for production of 2016 crops.

1.11 In addition to the Debtors’ crops, the Debtors currently have approximately \$4,250,000 in cash, accounts receivable and checks which are due to the Debtors. The primary source of the receivables are payments due from Eagle Eye pursuant to the Marketing Agreement. Of the amounts owed from Eagle Eye, approximately \$1,275,000 is owed to Wahluke and \$2,100,000 million is owed to Columbia. The Debtors in turn owe Eagle Eye approximately \$300,000 for reimbursement of packaging and sales expenses due under the Marketing Agreement.



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1 1.12 During the past several months RAF has indicated to the Debtors
2 that it will not advance the Debtors any additional funds for purposes of
3 allowing the Debtors to conduct 2016 farming operations. RAF has continued
4 to advance funds to the Debtors for purposes of allowing the Debtors to store,
5 pack and sell the 2015 Crops.
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10 1.13 The Debtors efforts to negotiate a restructuring of its obligations
11 with RAF have, to date, proven unsuccessful, with the result that the Debtors
12 have been forced to file these chapter 11 proceedings. The purpose of these
13 chapter 11 proceedings is to: (a) allow the Debtors to conduct farming
14 operations in 2016 and subsequent years; (b) to restructure the Debtors'
15 obligations to RAF to provide payment terms that are more realistic given the
16 nature and extent of RAF's collateral; and (c) allow the Debtors to pay their
17 trade and other unsecured creditors back over time through operations. While
18 the Debtors may propose to liquidate certain assets in order to improve
19 efficiencies or reduce costs, the Debtors do not see this as a liquidation
20 bankruptcy.
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29 1.14 The Debtors are seeking to use cash collateral, consisting of
30 proceeds from the 2015 Crops (whether in the form of cash, accounts
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1 receivable, inventory or crops) as well as proceeds from the 2016 Crops in
2 order to fund their integrated farming, storage, packing and sales operations.
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4 **2. Identification of Cash Collateral & Lienholders:**
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6 2.1 All of the proceeds of the 2015 Crops are encumbered by security
7 interests and liens in favor of RAF. Other than the liens in favor of RAF, the
8 Debtors do not believe any other party claims a security interest or lien in the
9 2015 Crops.
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13 2.2 The 2016 Crops are currently encumbered by crop liens in favor
14 of Saddle Mountain Supply Company and Windflow Fertilizer for the
15 fertilizer, chemicals and supplies that have been provided in order to prepare
16 land for the Debtor's 2016 farming operations. One of the Debtor's
17 landlords, Anderson Farms, Inc. has filed two liens against Tatoes, LLC's
18 2016 crops in order to secure the payment of rent. The parties who have filed
19 crop liens against the Debtors related to 2016 crop inputs are referred to as the
20 "2016 Lienholders."
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28 2.3 The Debtors do not believe that any significant amount of RAF's
29 collateral has been invested in the 2016 Crops as of the date of filing. As a
30 result it is arguable whether RAF currently has a security interest in the 2016
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1 Crops, however, because the Debtors propose to use cash collateral in which
2 RAF has as security interest, the Debtors are proposing to grant RAF a
3 replacement lien in the 2016 Crops, as discussed below.
4

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6 **3. Assets of the Debtors/Collateral for RAF Loans.**
7

8 3.1 In addition to the 2015 and 2016 Crops, RAF's loans are
9 collateralized by a significant amount of real and personal property owned
10 primarily by non-Debtors that are affiliated with the Debtors. The chart
11 following ¶3.5 is a summary of the assets which collateralize the RAF Loans.
12 The majority of the real estate valuations are taken from appraisals
13 commissioned by RAF in 2014 and 2015. Based upon the current agricultural
14 real estate market, the Debtors believe that current farm ground prices in the
15 area where the Debtors operate are approximately \$15,000 - \$18,000/acre
16 whereas the appraised values several years ago were closer to the \$10,000 -
17 \$12,000/acre range. The chart below uses the values from the RAF appraisals
18 rather than what the Debtors believe to be the current fair market values, with
19 two exceptions: (a) the property described as "Property 2" includes an
20 appraisal of Del & Daneen Christensen's personal residence. The appraisal
21 values the residence at \$350,000. The Debtors believe this value is so far out
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1 of line with the cost and value of the residence that it lacks credibility. The
2 Debtors have increased the value of the residence to \$750,000, which is still
3 conservative; and (b) the value of the property described as "Property 5" is
4 significantly flawed because the value does not include any value for
5 approximately 86 acres of land that is included with those parcels which is not
6 under circle irrigation. The Debtors have added back the missed acreage at a
7 value of \$12,000/acre value, which the Debtors believe is too low.
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13 3.2 The Debtors made one further adjustment to the real estate values
14 because two of the real property appraisals commissioned by RAF included a
15 portion of the Debtor's onion packing facility. As a result the value of the real
16 property assets has been reduced by \$1.8 million, which the Debtors believe
17 represents a reasonable approximation of the land that was included in both
18 appraisals.
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24 3.3 The value of the packing and storage equipment is taken from an
25 appraisal commissioned by RAF in 2014.
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28 3.4 The value of the remaining properties and assets which are not
29 based upon appraisals are simply estimates based upon my knowledge of the
30 assets. The Companies own a significant amount of farm and other equipment
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1 which collateralizes the RAF loans. The Debtors have valued this equipment
2 at \$1,000,000. In addition, RAF has a security interest in substantially all of
3 the assets of Saddle Mountain Wireless which the Debtors estimate the value
4 of that business at \$1.5 million based upon the cash flows that it generates.
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8 3.5 The Property described in the chart below as Farm B is
9 encumbered by a first position mortgage in favor of Farm Credit Services.
10 The Farm Credit mortgage secures a debt of Robert & JoAnne Christensen in
11 the face amount of \$3.8 million (which has been paid down somewhat). The
12 Farm Credit debt is being paid by a non-Debtor company called Windflow
13 Fertilizer and is not currently in default. In addition to Farm B, the Farm
14 Credit debt is secured by substantial additional collateral owned by non-debtor
15 entities. Using RAF's appraised value of \$12,000/acre, the additional
16 collateral for the Farm Credit loan is likely valued at \$10.0 million.
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Property Schedule				
RABO Internal Appraisal				
Dated: 7/15/2015				
<u>Property</u>	<u>Property Owner</u>	<u>Parcel Number</u>	<u>Gross Acres</u>	<u>Rabo Valuation</u>
Farm A	DAC, LLC	191557000	66.3	\$ 3,208,500.00
Farm B	DAC, LLC	211561000	40.5	
	DAC, LLC	211562000	80.8	
	DAC, LLC	211564000	20.2	
	DAC, LLC	211563000	20.2	\$ 2,254,700.00
	DAC, LLC			
Farm C	DAC, LLC	190145000	157.3	\$ 1,858,750.00
Farm D	DAC, LLC	210642000	80.5	
	DAC, LLC	210643000	80.4	\$ 2,175,000.00
Farm E	DAC, LLC	210234000	37.7	
	DAC, LLC	210233000	48.2	
	DAC, LLC	210238000	46.1	
	DAC, LLC	312369000	105.94	
	Terra Management	210235000	53.3	\$ 3,503,000.00
Total			837.44	\$ 12,999,950.00



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**MOTION FOR USE OF
CASH COLLATERAL**

Gentry Appraisal
Dated: July 30, 2014

<u>Property</u>	<u>Property Owner</u>	<u>Parcel Number</u>	<u>Gross Acres</u>	<u>Rabo Valuation</u>
Property 1	U12B253, LLC	190002000		
	Terra Management	190004003		
	Del & Daneen	190004004		
	Del & Daneen	190004005		
	Terra Management	190004006		
	U12B253, LLC	190004007		
	Terra Management	190004009		\$ 1,980,000.00
Property 3A	U12B253, LLC	191557000		\$ 4,060,000.00
Property 3B	Wahluke Produce, Inc.	400182023		
	Wahluke Produce, Inc.	400182025		\$ 2,240,000.00
Property 4	Del & Daneen	211480001		\$ 50,000.00
				\$ 8,330,000.00
Less: Double Counting of Onion of portion of Onion Plant				\$ (1,800,000.00)
Net Value				\$ 6,530,000.00
Gentry Appraisal Dated: July 30, 2014				
Property 2	Del & Daneen	190164000		
	Del & Daneen	190165001		
	Tatoes	190165002		
	Del & Daneen	190166000	185	\$ 2,220,000.00
Unappraised Acres			49.9	\$ 598,800.00
Del & Daneen's Residence	Del & Daneen			\$ 750,000.00
Property 5	U12B253	211565000		\$ -
	U12B253	211567000	120	\$ 1,440,000.00
Unappraised Acres			36.1	\$ 433,200.00
			391	\$ 5,442,000.00



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**MOTION FOR USE OF
CASH COLLATERAL**

Equipment				
Onion & Potato Packing				
Wahluke Produce				\$ 3,314,000.00
Columbia Onion - Fresh				\$ 384,400.00
Columbia Onion - Process				\$ 702,900.00
Farm Equipment				\$ 1,000,000.00
Total Equipment				\$ 5,401,300.00
Other Personal Property				
Saddle Mountain Wireless				\$ 1,500,000.00
2015 Crops				\$ 7,000,000.00
2016 Crops				\$ 1,250,000.00
Total				\$ 9,750,000.00
Total Collateral Value				\$ 40,123,250.00

3.5 Even at the values described above, which the Debtors believe are understated, it is evident that RAF is significantly over-secured.

4. Motion to Use Cash Collateral.

4.1 The Debtors are in immediate need of the use of cash collateral in order to protect, preserve and liquidate the 2015 Crops as well as to grow and harvest the 2016 Crops. Attached to the Declaration of Del Christensen as Exhibit 2, Exhibit 3 and Exhibit 4 are budgets detailing each Debtors' cash flow needs over the next ten (10) weeks ("**Emergency Budgets**"). In addition, attached to the Declaration of Del Christensen as Exhibit 5, Exhibit 6 and Exhibit 7 are full 2016 budgets for each of the Debtors ("**2016 Budgets**").



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**MOTION FOR USE OF
CASH COLLATERAL**

1 The Debtors seek use of cash collateral in accordance with the attached
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3 Emergency and 2016 Budgets.

4 4.2 The expenses detailed in the Tatoes Emergency Budget (Exhibit
5
6 2) are primarily for 2016 farming operations. The most critical amongst the
7
8 Tatoes expenses are the lease payments, water, seed costs and labor. As
9
10 detailed in Mr. Christensen's Declaration, it is necessary to get the seed
11
12 purchased and planted immediately in order to ensure maximum quality and
13
14 yield of the 2016 crops. At the same time Tatoes must begin irrigating the
15
16 properties immediately which requires payment of water and irrigation
17
18 charges. The Debtors are also required to make the first lease payments on a
19
20 number of real property leases. A schedule of the amount which Tatoes is
21
22 seeking to pay on each lease is detailed on an *Attachment A* to Exhibit 2.

23 4.3 Wahluke and Columbia's expenses (Exhibit 3 and Exhibit 4) at
24
25 this point in time are primarily in relation to liquidating the 2015 Crops.
26
27 Wahluke and Columbia will begin incurring expenses with respect to packing
28
29 and selling the 2016 Crops in August & September.

30 4.4 In addition to the other budgets provided, the Debtors have
31
32 prepared a 2015 budget demonstrating how the Debtor believes the 2015 crop
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1 will liquidate (see Exhibit 8) and a projected budget showing how the 2016
2 Crops will be grown and liquidate (see Exhibit 9). In the budgets, the Debtors
3 have attempted to detail their assumptions, including those regarding
4 packouts, price and yield.
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8 4.5 As indicated above, the Debtors employ a substantial number of
9 employees both on a full time and seasonal basis. The majority of these
10 employees are paid every two weeks. At the time of the filing of this case,
11 there are a number of checks which have been distributed to employees but
12 which have not yet been cashed. In addition, employees have put in work
13 during the month of March for which they have not yet been paid. The
14 Debtors are seeking Court approval by separate motion to honor payroll
15 checks that were distributed prior to the filing of the case. The Debtors are
16 also seeking authority to pay employees for work that was performed prior to
17 the filing of the Bankruptcy petition but for which payment is not due in the
18 ordinary course of the Debtors operations. These expenses are included in the
19 Debtor's emergency cash collateral budgets and are collectively referred to as
20 the "Pre-Petition Wages."
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1 4.6 The Debtors routinely withhold from employees' paychecks
2 withholding taxes, the employees' portion of the FICA and unemployment
3 taxes and certain amounts which may be garnished or withheld from
4 employees' paychecks pursuant to state law (collectively "**Pre-Petition**
5 **Withholdings**"). In the ordinary course of its business, the Debtors forward
6 the Pre-Petition Withholdings from their operating accounts to the appropriate
7 third party agencies. Due to the commencement of this Bankruptcy, the Pre-
8 Petition Withholdings were deducted from employees' paychecks but may not
9 have been forwarded to the appropriate agencies. The Debtors believe that the
10 Pre-Petition Withholdings constitute moneys held in trust and therefore are not
11 property of the Bankruptcy Estate, however the Debtors seek as part of this
12 motion to use cash collateral the ability to pay the Pre-Petition Withholdings
13 in the ordinary course of its business operations.
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24 4.7 As employers the Debtors have incurred tax obligations related to
25 the Pre-Petition Wages, including the Debtors' share of FICA and Medicare
26 taxes, unemployment insurance premiums, industrial insurance premiums and
27 other related taxes ("**Pre-Petition Taxes**"). The Debtors are current in the
28 payment of their pre-petition tax obligations, however, they have incurred Pre-
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1 Petition Taxes for pre-petition periods which taxes are not yet payable in the
2 ordinary course of business. The Debtors are seeking authorization to use
3 cash collateral to pay the Pre-Petition Taxes in the ordinary course of business.
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6 4.8 Wahluke and Columbia are also seeking authority to continue
7 performance under the Marketing Contract with Eagle Eye until such time as
8 the Debtors elect to assume or reject that Contract. Performance under the
9 Marketing Contract will ensure that the Debtors are able to continue packing
10 and selling the 2015 Crops.
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13 4.9 The Debtors are seeking to continue their pre-petition employee
14 benefits as well as to continue allowing the Debtor's employees to take
15 advantage of employee benefits that were accrued prior to the filing of this
16 case. The Debtors provide the following employee benefits: (a) The Debtors
17 subsidize their employees' health care in the amount of \$304.00/month. If an
18 employee wants to add their spouse or family members, the employee must
19 pay those premiums; (b) the Debtors have a Cafeteria Plan which allows
20 employees to contribute to health, dental, vision and life insurance, although
21 the Companies have no obligation to pay for any of those costs or premiums
22 except health insurance, as described above; (c) the Debtors have established a
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1 401(k) program in which the Debtors have agreed to match an employees'
2 contribution of up to 1% their gross annual salary. The Debtors have
3 historically matched up to 3% of employee contributions but this amount was
4 recently reduced to 1%; and (d) after working for the Companies for 1 year, a
5 full time office or administrative employee is entitled to one (1) week of
6 vacation. For each subsequent year the employee works for the Companies,
7 they gain an additional day of vacation, up to a maximum of three (3) weeks.
8 Vacation time may not be carried over from year to year. The benefits
9 described herein are referred to as the **"Employee Benefits."**

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17 4.10 The Debtors are proposing to continue the Employee Benefits and
18 the Debtors' cost of continuing these Employee Benefits is included in
19 Emergency and Cash Collateral Budgets.

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22 4.11 The Debtors have moved to compel utility companies to continue
23 providing utility service after the date of the service. In the event that any
24 utility company or provider is granted a post-petition deposit as a condition of
25 continuing to provide utility service, the Debtors seek authority through this
26 cash collateral motion to pay such utility deposits.
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1 4.12 Pursuant to 11 U.S.C. §363, the Court may authorize the Debtors
2
3 to use cash collateral for the purposes set forth in the Emergency Budget and
4
5 the 2016 Budgets subject to providing adequate protection of the interests of
6
7 RAF and the 2016 Lienholders (**"Cash Collateral Lenders"**).

8 4.13 Adequate protection is a flexible concept which is designed to
9
10 ensure that a creditor's overall security position is not prejudiced as a result of
11
12 the Debtor's use of cash collateral. Adequate protection can be provided in a
13
14 number of different ways.

15 4.13 In this case the Debtors believe RAF is adequately protected for
16
17 several reasons:

18 4.13.1 First and foremost, the value of RAF's non-crop
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20 collateral provides a significant equity cushion to protect RAF against any
21
22 losses incurred with respect to the 2016 Crops.

23 4.13.2 As shown on Exhibit 8, the Debtor believes that the
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25 net cash collateral existing (after payment of costs related to storage, packing
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27 and sale of the 2015 Crops) is approximately \$3,522,000. In addition, the
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29 Debtor has existing accounts receivable and cash of approximately \$4,250,000
30
31 (**"Cash Collateral"**). The Debtors propose to utilize the Cash Collateral as
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1 well as proceeds of the 2016 Crops in order to grow, harvest, store, pack and
2 sell the 2016 Crops. The Debtor projects that as a result of its use of Cash
3 Collateral the 2016 Crops will generate net proceeds (after paying all costs
4 related to the growing and packing of the 2016 Crops – including return to the
5 Debtors of the Cash Collateral) of \$981,316.81. The Debtors' projections in
6 this regard are detailed on the 2016 Budgets and summarized on Exhibit 9. In
7 other words, if the Debtors' projections are correct, RAF's Cash Collateral
8 position will improve with the farming of the 2016 Crops. The Debtors would
9 propose to grant RAF a first position security interest and lien in the 2016
10 Crops as partial adequate protection.

11
12 4.13.3 The downside crop risk to RAF is limited by the
13 federal crop insurance the Debtors have obtained. The insurance gives
14 protection on both yield and the revenue side. The Debtors believe the crop
15 insurance guarantee is approximately \$8,500,000 as against a total farming
16 budget of approximately \$12,000,000, which substantially limits the exposure
17 RAF has on the farming side of the business.

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19 4.13.4 The Debtors are proposing, as partial adequate
20 protection, to make quarterly interest only payments on the Cash Collateral
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1 portion of RAF's loans at the non-default rate provided for in RAF's loan
2 documents. The first interest payment would be due ninety (90) days
3 following the entry of the final order authorizing the use of cash collateral.
4

5
6 4.13.5 The Debtors 2016 Budgets for which approval will
7 be sought in a final order authorizing use of Cash Collateral provide for
8 quarterly interest only payments at the non-default rate provided for in RAF's
9 loan documents on the non-cash collateral portion of RAF's loans.⁶ The
10 Debtors intend to have proposed a bankruptcy plan prior to any funds being
11 expended for the Debtor's 2017 Crops. Again the first quarterly interest
12 payment would be due ninety (90) days following the entry of the final cash
13 collateral order.
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20 4.14 RAF is adequately protected by the value of its existing collateral,
21 by the replacement lien in the 2016 Crops, by crop insurance and the periodic
22 interest payments proposed on its loans.
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26 4.15 With respect to the parties holding crop liens on the Debtors 2016
27 Crops, the Debtor's 2016 Budgets include repayment of those costs (lease
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29
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31 ⁶ In order to determine the balance of the non-cash collateral portion of RAF's loans, the
32 Debtors would simply deduct the value of the Cash Collateral from the overall amount of RAF's
33 debts. By way of example if the Cash Collateral is valued at \$7,900,000 and RAF's total debt is
34 \$22,000,000, the non-cash collateral portion of the loan would be \$14,100,000.00.



1 payments and payments for chemicals/fertilizer). These lienholders will
2 continue to hold their 2016 crop liens and will be adequately protected by
3 those liens in conjunction with the payments that are provided for in the 2016
4 Budgets.
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8 **5. Request for Relief:**
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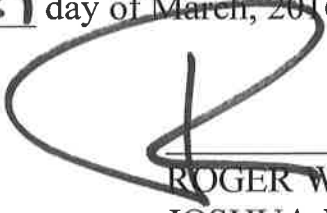
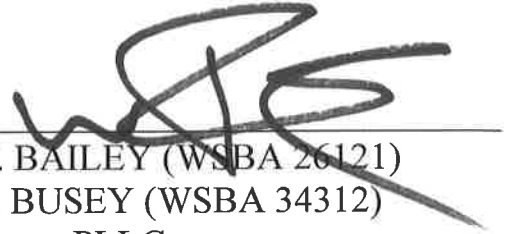
10 The Debtor's respectfully requests the Court:

11
12 5.1 Hold an emergency hearing at which time the Court considers
13 and approves the Debtor's interim use of cash collateral pursuant to the
14 Emergency Budgets.
15

16
17 5.2 Sets a final cash collateral hearing at which time the Court will
18 consider the Debtor's request to use cash collateral pursuant to the 2016
19 Budgets.
20
21

22 5.3 Grant the Debtors such other and further relief as is equitable.
23

24 DATED this 21 day of March, 2016
25

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29 
30 ROGER W. BAILEY (WSBA 26121)
31 JOSHUA J. BUSEY (WSBA 34312)
32 Bailey & Busey PLLC
33 Counsel for the Debtors
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Attorneys for Debtors

**UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF WASHINGTON**

IN RE:

TATOES, LLC
WAHLUKE PRODUCE, INC.
COLUMBIA MANUFACTURING,
INC., d/b/a/ COLUMBIA ONION,

Debtors.

Case No. 16-00900
Case No. 16-00899
Case No. 16-00898

[PROPOSED]

**EMERGENCY ORDER
APPROVING USE OF CASH
COLLATERAL**

This matter came before the Court on the motion of Wahluke Produce, Inc., Tatoes, LLC and Columbia Manufacturing, Inc.'s ("**Debtors**") motion



**ORDER AUTHORIZING EMERGENCY
USE OF CASH COLLATERAL**

-1-

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1 for an order: (a) authorizing the Debtors to use cash collateral on an interim
2 basis; and (b) setting a final hearing on the Debtor's motion to use cash
3 collateral ("**Motion**"). The following appearances were made at the hearing:
4

5
6 (a) Roger Bailey and Josh Busey for the Debtors; (b)

7
8 _____ for Rabo AgriFinance; (c) Gary Dyer for the

9
10 United States Trustee; and (d) _____. Having

11 reviewed the pleadings filed with the Court and having heard the argument of
12 counsel, the Court hereby finds and orders:
13
14

15 1. The Motion has been coupled with a request to limit the time for
16 notice and objections. Given the circumstances of this case the Court finds
17 that it is appropriate to limit the time for objections and notice with respect to
18 the Motion and consider the Motion on an emergency basis. The Debtor's
19 Motion to Shorten Time is hereby granted.
20
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23
24 2. Notice of the motion was proper pursuant to FRBP 2002 and
25 LBR 2002-1.
26

27
28 3. The Motion is hereby granted.

29
30 4. The Court hereby sets a final in-court hearing on Snokist's
31 motion to use cash collateral for _____, 2016. The hearing shall
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BAILEY  BUSEY

**ORDER AUTHORIZING EMERGENCY
USE OF CASH COLLATERAL**

-2-

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1 be held at the United States Bankruptcy Court, _____ and
2 shall commence at _____. The Court shall hold a pre-trial conference on
3 _____, __, 2016 at _____ by telephone conference call. Parties may
4 attend the pre-trial hearing by calling in to the Court's conference line
5 (509.353.____).
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10 5. Pending the conclusion of the final cash collateral hearing
11 (**"Interim Cash Collateral Period"**), the Debtors are authorized to use the
12 proceeds from the sale of its inventory and other cash receipts, including those
13 from accounts receivable (**"Cash Collateral"**) to pay the amounts described in
14 the Emergency Budgets attached to the Motion.
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19 6. During the Interim Cash Collateral Period, the Debtors shall
20 provide to RAF, the U.S. Trustee, counsel for any unsecured creditors
21 committee appointed by the U.S. Trustee and any other party requesting
22 special notice, a weekly report (**"Weekly Report"**) describing: (a) the
23 expenses paid by the Debtors during the preceding week on a cash basis; (b) a
24 comparison of the actual expenses paid to the expenses estimated by the
25 Emergency Budget for such period; (c) the balance of the 2015 Crops held by
26 the Debtors at market value; and (d) the amount of the Debtors' outstanding
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1 accounts receivables. The Weekly Report shall be provided to correspond
2 with the time periods described in the Emergency Budget. The first weekly
3 report shall be due by the close of business on Wednesday following the end
4 of the first weekly period described in the Emergency Budget, with subsequent
5 reports due on each subsequent Wednesday until the conclusion of the final
6 cash collateral hearing.
7

11 7. The Debtors, with the consent of Rabo AgriFinance ("RAF")
12 may use Cash Collateral in excess of the amounts described in the Emergency
13 Budget so long as such amounts are used for paying expenses incurred in the
14 Debtors' ordinary course of business.
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**ORDER AUTHORIZING EMERGENCY
USE OF CASH COLLATERAL**

-4-

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1 8. Any party with a security interest or lien in the pre-petition assets
2 of the Debtors or the Cash Collateral shall retain said security interests or liens
3 in the same priority and to the same extent in said assets and Cash Collateral
4 or in any proceeds of such assets or Cash Collateral subject only to the
5 Debtors' ability to use the Cash Collateral as provided herein.
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11 Presented By:

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16 ROGER W. BAILEY (WSBA 26121)
17 JOSHUA J. BUSEY (WSBA 34312)
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19 Counsel for Debtors
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